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# Service-Wide Mail Containerization Program Needed

B-114874

United States Postal Service

**UNITED STATES  
GENERAL ACCOUNTING OFFICE**

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JAN. 18, 1973



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

B-114874

Dear Mr. Postmaster General: 52.

This is our report on the need for a Service-wide mail containerization program.

Copies of this report are being sent to the Senate and House Committees on Appropriations, on Government Operations, and on Post Office and Civil Service and to certain subcommittees. Copies are also being sent to the Director, Office of Management and Budget, and to each of the Governors of the United States Postal Service.

Sincerely yours,

*Victor L. Lowe*

Victor L. Lowe, Director  
General Government Division

The Honorable  
The Postmaster General

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GENERAL ACCOUNTING OFFICE  
REPORT TO THE POSTMASTER GENERAL

SERVICE-WIDE MAIL CONTAINERIZATION  
PROGRAM NEEDED  
United States Postal Service  
B-114874

D I G E S T

WHY THE REVIEW WAS MADE

Containerization--the consolidated movement of commodities in containers--has been recognized by commercial shippers as a means of lowering transportation costs and reducing the physical handling of individual packages. The Postal Service's predecessor, the Post Office Department, also recognized the potential benefits available by containerizing the mail and for many years used canvas sacks and pouches for this purpose.

Although pouches and sacks have many advantages, they also have serious disadvantages, particularly as post offices become more mechanized.

Over the past 25 years, numerous attempts had been made, with limited success, to containerize the mail other than by pouches and sacks. During its last 13 years, the Department spent \$75 million on other types of containers and container-handling equipment. For fiscal years 1972 and 1973, the Postal Service planned to spend \$24 million to continue this effort.

The Congress recognized the importance of containerizing mail shipments and stipulated in the Postal Reorganization Act that as a matter of policy:

"Modern methods of transporting mail by containerization \*\*\* shall be a primary goal of postal operations."

Because of the potential benefits and the significant expenditures made by the Department and planned by the Service, the General Accounting Office (GAO) wanted to find out how the Service was implementing section 101(f) and what management approach it was using to achieve cost reductions and to improve mail service by containerization.

FINDINGS AND CONCLUSIONS

1 The Postal Service had not established a program to insure that mail containerization efforts would be effectively directed and coordinated to achieve improved mail handling and service. 52

Organizational responsibility for planning, directing, and controlling Service-wide containerization efforts had not been clearly assigned, and short- and long-range containerization goals and related cost reduction objectives had not been established.

Since enactment of the Postal Reorganization Act, the Service in its mail containerization efforts has continued the committee approach

used for more than a decade by the Post Office Department. GAO's review showed that the committee approach had not been well coordinated and, at the post offices included in the review, had resulted in potential savings of at least \$492,000 a year not being realized, because successful containerization methods had not been fully implemented.

#### RECOMMENDATIONS

The Postal Service should

- develop a Service-wide containerization program with definitive short- and long-range goals and objectives,
- assign specific program responsibilities and authorities to

postal managers at all organizational levels, and

- establish an appropriate monitoring system to insure accomplishment of the program's goals and objectives.

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

Postal Service Headquarters officials generally agreed with GAO's findings and confirmed GAO's conclusion that specific organizational responsibility for all mail containerization efforts in the Postal Service had not been established. The officials advised GAO that the Postal Service would carefully consider GAO's findings and conclusions in planning future mail containerization efforts.

## CHAPTER 1

### INTRODUCTION

Containerization--the consolidated movement of commodities in containers--has been recognized by commercial shippers as a means of lowering transportation costs and reducing the physical handling of individually packaged commodities. The Post Office Department also recognized the potential benefits of containerization of the mail and for many years used canvas sacks and pouches for this purpose.

Pouches and sacks have many advantages as containers. They are

- low in cost and light in weight;
- flexible enough to hold various sizes and shapes of mail;
- small enough to be manually handled;
- effective in consolidating mail volumes for most post offices;
- capable of filling transportation vehicles to the maximum, when properly stacked; and
- collapsible for compact storage and low-cost return to originating offices.

Pouches and sacks also have serious disadvantages. They do not

- protect their contents from damage,
- provide a uniform size of shape for mechanized handling, or
- permit the handling of large units loads.

Over the past 25 years, numerous attempts had been made, with limited success, to containerize the mail other than by pouches and sacks. A postal official stated in a March 1972 paper that "Probably no other segment of the postal

system has received more attention with less success than containerization."

Post Office Department records indicate that, during fiscal years 1959 through 1971, the last year of the Department's existence, about \$153 million was spent on containerization--about \$77.6 million on mail sacks and pouches and about \$75.1 million on other types of containers and container-handling equipment. For fiscal years 1972 and 1973, the Service planned to spend about \$24 million for nonsack and nonpouch mail containers and container-handling equipment.

The Congress recognized the importance of containerizing mail shipments and stipulated in the Post Reorganization Act, August 12, 1970 (39 U.S.C. 101(f)), that as a matter of policy:

"Modern methods of transporting mail by containerization \*\*\* shall be a primary goal of postal operations."

We reviewed the Postal Service's implementation of section 101(f) and the management approach it was using to achieve cost reductions and to improve mail service by containerization.

## CHAPTER 2

### SERVICE-WIDE CONTAINERIZATION PROGRAM NEEDED TO EFFECTIVELY IMPLEMENT CONGRESSIONAL MANDATE

Although the Postal Service planned to spend about \$24 million in fiscal years 1972 and 1973 for nonsack and nonpouch mail containers and container-handling equipment, it had not established a program to insure that mail containerization efforts would be effectively directed and coordinated to achieve improved mail handling and service.

Organizational responsibility for planning, directing, and controlling Service-wide containerization efforts had not been clearly assigned, and short- and long-range containerization goals and related cost reduction objectives had not been established.

Since enactment of the Postal Reorganization Act, the Postal Service in its mail containerization efforts has continued the committee approach used for more than a decade by the Post Office Department. Our review showed that the committee approach had not been well coordinated and, at the post offices included in our review, had resulted in potential savings of at least \$492,000 a year not being realized, because successful containerization methods had not been fully implemented.

### INEFFECTIVE COMMITTEE APPROACH TO MAIL CONTAINERIZATION

Available records indicated that since 1960 the Post Office Department's efforts to containerize the mail were directed by a series of short-lived committees, some composed of representatives of various organizational units within Department headquarters and others of only one organizational unit. These committees lacked the necessary authority to direct and control all mail containerization efforts within the Department. From 1967 through 1970, each of the 15 former postal regions had a regional container committee. Headquarters had not provided these committees with effective guidance and direction, and, as a result, containerization efforts in the regions produced limited tangible results.



In the former San Francisco Postal Region, now a part of the Service's 11-State Western Postal Region, containerization policies were fragmented and containerization efforts lacked direction. About 4 years after the Regional Container Committee had been formed, its chairman stated that the committee's objectives had not been defined either by headquarters or by the San Francisco Region. He said that the committee had not formulated any long-range containerization plans, because it was not a policymaking body and had no authority over the local postal officials responsible for containerization in the individual post offices. The chairman characterized the regional committee as an ad hoc committee devoid of any operational mandate and lacking both internal and external guidance.

In January 1971, at the suggestion of the Acting Regional Director of the Wichita Postal Region, the Post Office Department established a Headquarters Container Committee to coordinate the mail containerization efforts of the Operations Department and the 15 regional offices. In establishing the committee, the Deputy Assistant Postmaster General, Operations Department, indicated his agreement with the Acting Regional Director's observation that significant service benefits would undoubtedly accrue if the containerization activities of the Operations Department's several divisions were coordinated more effectively. The headquarters and regional committees were disbanded, however, and efforts to coordinate containerization activities ceased as a result of the postal reorganization and personnel changes which began in May 1971.

During its brief tenure, the Headquarters Container Committee proved ineffective because it did not have authority to initiate containerization projects, to issue implementing directives to local postal officials, or to coordinate and control any containerization efforts of headquarters organizations other than the Operations Department.

In November 1971 the Postal Service recognized the need to coordinate the various containerization efforts throughout the Service and established another Headquarters Container Committee. The committee's stated goal is to develop and implement a national containerization program compatible with the bulk and preferential mail networks under development. Unlike its immediate predecessor, this committee is

composed of representatives of five headquarters departments, each having separate but related interests in the Service's mail containerization efforts.

We doubt whether this committee will be more effective than its predecessor, because it has no authority to establish program policy and to direct, through implementing instructions, all containerization efforts within the Postal Service. The committee serves only in a technical advisory capacity on containerization matters.

#### SUCCESSFUL MAIL CONTAINERIZATION METHODS NOT FULLY IMPLEMENTED

Because mail containerization efforts have lacked effective direction at headquarters and in the regions, several containerization methods which have been proven economical and efficient in transporting mail within individual regions or at individual post offices have not been implemented nationwide.

Since 1966 the postal regions have been aware of the potential efficiencies and economies available through the use of wheeled containers to move mail within and between post offices and their branches and stations. Wheeled containers include tray carts for transporting letter-size and non-letter-size mail and parcel post dumping containers for moving both sacked and unsacked parcels. As of May 1971--just prior to the postal reorganization--tray carts were being used extensively at postal facilities in only eight of the 15 former postal regions and dumping containers were being used only at a limited number of large postal facilities. We noted that potential savings of at least \$492,000 a year were not being realized, because certain large post offices included in our review were not using such containers.

#### Tray carts

A preliminary study by an industrial engineer in the Western Postal Region indicated that an estimated savings of at least \$436,000 a year could be realized by using tray carts for transporting non-letter-size mail at post offices in Portland, Oregon, and in Seattle, Tacoma, and Spokane, Washington. Although the postal regions have been aware of

the potential benefits available through use of tray carts since 1966, the preliminary study was not made until July 1971. As of November 1971, work to refine the study data was being deferred, pending the hiring of an industrial engineer in Seattle.

A Postal Service industrial engineer estimated that the Toledo, Ohio, Post Office could save about \$56,000 a year by using tray carts, as recommended in an October 1969 study by a consulting firm under contract with the former Post Office Department. However, as of December 1971, the consultant's recommendations had not been implemented because, according to a headquarters official, the Toledo postmaster had personal objections to the use of tray carts at that post office.

The Sacramento, California, Post Office was using tray carts to transport letter-size and non-letter-size mail between the main post office and its branches and stations, but records were not available to enable us to determine the resultant savings. However, a Postal Service industrial engineer estimated that that post office was saving \$37,000 a year in mail-processing and transportation costs by using tray carts for handling non-letter-size mail. No estimate of savings was available for the handling of letter-size mail.

Tray carts were used, but only to a limited extent, at post offices in Los Angeles, Oakland, San Francisco, and San Jose, California. For example, tray carts were being used in the mail-processing operations at individual Los Angeles postal facilities but were not being used to transport mail between facilities. At San Francisco, tray carts were being used to transport letter mail to only 13 of the post office's 25 stations.

Representatives of some of these facilities told us that tray carts would be used to a greater extent in the future but that, in some cases, facilities had to be modified or additional equipment had to be obtained--because of differences in heights between the dock platforms and the truck beds--before tray carts could be used more extensively. In February 1967, the Director of the Distribution and Delivery Division in the then-Bureau of Operations advised all postal

regions of the impending delivery of tray carts and parcel post dumping containers and stressed the need for dock improvements and dock-loading devices. As of May 1971, however, the dock problems at the facilities included in our review had not been solved.

We recognize that one-time expenditures may be necessary to modify facilities or to obtain additional equipment. However, on the basis of the estimated savings achieved at the Sacramento Post Office and the potential savings at the Toledo Post Office and the four post offices in Oregon and Washington, we believe that significant savings might also be realized nationwide if tray carts were used to the maximum extent possible.

#### Parcel post dumping containers

Available records indicated that 1,100 dumping containers were being used at the Chicago, Illinois, Post Office to move parcel post between the main post office building and its stations and to transport airmail and first-class mail in sacks between the main post office and the mail facility at O'Hare International Airport. In June 1968 the Post Office Department's Bureau of Research and Engineering reported that, on the basis of a 1-week test, use of these containers in Chicago had resulted in substantial savings in labor. Assuming that the results of this limited test could be substantiated by further testing, as was recommended by the Bureau, we estimate that the annual savings would be about \$305,000. Among the factors reported by the Bureau as contributing to the savings in labor were the ability to presort larger quantities of mail, a decrease in vehicle loading and unloading time, and a decrease in overall mail-processing time.

Although the former San Francisco Postal Region had received 250 parcel post dumping containers in September 1969, none were being used as of May 1971 and the containers were in storage in Oakland. Regional records indicated that these dumping containers, valued at about \$59,250, were not being used because the region's safety engineer believed that, to be used safely, the containers needed certain modifications. These modifications had not been made as of May 1971, and, according to the safety engineer, no one in the region seemed interested in having them made.

Although declared "unsafe" by the San Francisco safety engineer, and thereby unusable in that region, this type of container was (1) being used in large quantities at other postal facilities, (2) considered by postal headquarters to be one of 10 approved types of hand-operated mail transport equipment available to local post offices, and (3) recognized in Vehicle Services Handbook M-52 as having been proved effective in reducing labor costs while improving mail-handling operations.

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Because wheeled containers provide an opportunity to reduce mail-handling and transportation costs, the Postal Service should identify all postal facilities where such containers could be used or where they could be used to a greater extent. Because of certain physical problems, not all post offices may be able at this time to effectively use such containers. However, we believe that large post offices such as those discussed in this report could use such equipment effectively if it was made available to them and if local management was directed to use it.

## CHAPTER 3

### CONCLUSIONS, AGENCY COMMENTS, AND GAO RECOMMENDATIONS

The Postal Service has a legislated mandate to pursue, as a primary goal of postal operations, modern methods of transporting mail by containerization. Although it has recognized the economies and the improvements in mail handling and service that can be achieved by containerization, the Service has responded to this mandate by continuing to use the committee approach to containerization that had been used with only limited success for more than a decade by the Post Office Department. At the post offices included in our review, this approach had resulted in substantial potential savings not being realized.

To effectively implement the containerization mandate included in the Postal Reorganization Act, the Postal Service should establish a Service-wide containerization program including (1) specific organizational responsibility for planning, directing, and controlling Service-wide containerization activities, (2) definite containerization program goals and related cost reduction objectives, and (3) an appropriate monitoring system to insure accomplishment of the program's goals and objectives.

On September 6, 1972, we met with the Assistant Postmaster General, Logistics and Engineering Department, Mail Processing Group, and other Postal Service Headquarters officials, including members of the current Headquarters Container Committee, to discuss our review findings and conclusions. These officials agreed that the Post Office Department's containerization efforts had not been well coordinated and that, because the former postal regions had no direct authority over the operations of individual post offices, it often had been difficult to get local postmasters to use wheeled containers.

The Vice Chairman of the Service's current Headquarters Container Committee agreed that the committee had no authority to set container policy or to direct the postal regions' containerization efforts. He said that the committee serves only as a technical advisory group on containerization

## CHAPTER 4

### SCOPE OF REVIEW

We reviewed the mail containerization policies, procedures, and practices of the Postal Service and its predecessor, the Post Office Department, at its national headquarters in Washington, D.C.; at its regional office in San Francisco; and at selected postal facilities in Los Angeles, Oakland, Sacramento, San Francisco, and San Jose, California. In addition, we reviewed specific containerization studies related to postal facilities in Chicago, Illinois; Toledo, Ohio; Portland, Oregon; and Seattle, Spokane, and Tacoma, Washington. We also examined the legislative history of section 101(f) of the Postal Reorganization Act.

